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To amend part D of title III of the Public Health Service Act to authorize grants and loan guarantees for health centers to enable the centers to fund capital needs projects, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 3, 2007

Mr. ROCKEFELLER (for himself, Mr. INOUE, and Mr. SANDERS) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To amend part D of title III of the Public Health Service Act to authorize grants and loan guarantees for health centers to enable the centers to fund capital needs projects, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Build, Update, Im-
5 prove, Lift, and Design Health Centers Act of 2007” or
6 the “BUILD Act”.

7 **SEC. 2. FINDINGS.**

8 Congress makes the following findings:

1 (1) Many health care experts believe that lack
2 of access to basic health services is our Nation's sin-
3 gle most pressing health care problem. There are
4 56,000,000 Americans that do not have access to a
5 primary care provider, whether they have health in-
6 surance or not. In addition, more than 45,000,000
7 Americans lack health insurance and have difficulty
8 accessing care due to the inability to pay for such
9 care.

10 (2) Health centers, including community health
11 centers, migrant health centers, health centers for
12 the homeless, and public housing health centers, ad-
13 dress the health care access problem by providing
14 primary care services in thousands of rural and
15 urban medically-underserved communities through-
16 out the United States.

17 (3) Health centers provide basic health care
18 services to 16,000,000 Americans each year, includ-
19 ing nearly 9,500,000 minorities, 850,000 farm-
20 workers, and 750,000 homeless individuals. One in
21 five children from low-income families receives care
22 through health centers.

23 (4) Studies show that health centers provide
24 high-quality and cost-effective health care. The aver-

1 age yearly cost for a health center patient is ap-
2 proximately \$1.25 per day.

3 (5) One of the most effective ways to address
4 America's health care access problem is by dramati-
5 cally expanding access to health centers, as both the
6 Senate and the President have proposed.

7 (6) Many existing health centers operate in fa-
8 cilities that desperately need renovation or mod-
9 ernization. Thirty percent of health centers are lo-
10 cated in buildings that are more than 30 years old,
11 with 12 percent of such centers operating out of fa-
12 cilities that are more than 50 years old. In a survey
13 of health centers in 11 States, 2/3 of those centers
14 identified a need to improve, expand, or replace their
15 current facility. An extrapolation based on this sur-
16 vey indicates there may be as much as
17 \$2,200,000,000 in unmet capital needs in our Na-
18 tion's health centers.

19 (7) Dramatically increasing access to health
20 centers requires building new facilities in commu-
21 nities that have access problems and lack a health
22 center.

23 (8) Health centers often do not have the means
24 to pay for capital improvements or new facilities.
25 While most health centers raise some funds through

1 private donations, it is difficult to raise sufficient
2 amounts for capital needs without a middle-upper-
3 class donor base similar to other nonprofit organiza-
4 tions like universities and hospitals.

5 (9) Health centers have a limited ability to sup-
6 port loan payments. Due to an increasing number of
7 uninsured patients and the fact that many health
8 care reimbursements are less than the cost of care,
9 health centers rarely have more than minimal posi-
10 tive operating margins. Yet lenders are rarely willing
11 to take risks on nonprofit organizations without
12 these positive margins.

13 (10) While the Federal Government currently
14 provides grants to health centers to assist with oper-
15 ational expenses used to provide care to a medically
16 underserved population, there is no authority to pro-
17 vide grants to assist health centers to meet capital
18 needs, such as construction of new facilities or mod-
19 ernization, expansion, or replacement of existing
20 buildings.

21 (11) To assist health centers with their mission
22 of providing health care to the medically under-
23 served, the Federal Government should supplement
24 local efforts to meet the capital needs of health cen-
25 ters.

1 **SEC. 3. AMENDMENTS TO THE PUBLIC HEALTH SERVICE**
 2 **ACT.**

3 (a) HEALTH CARE FACILITY GRANTS AND LOAN
 4 GUARANTEES.—Subpart I of part D of title III of the
 5 Public Health Service Act (42 U.S.C. 254b et seq.) is
 6 amended by adding at the end the following:

7 **“SEC. 330R. HEALTH CARE FACILITY GRANTS AND LOAN**
 8 **GUARANTEES.**

9 “(a) ELIGIBLE HEALTH CENTER DEFINED.—In this
 10 section, the term ‘eligible health center’ means a health
 11 center that receives—

12 “(1) a grant, on or after the date of enactment
 13 of this section, under subsection (c)(1)(A), (e)(1)(A),
 14 (e)(1)(B), (f), (g), (h), or (i) of section 330; or

15 “(2) a subgrant, on or after the date of enact-
 16 ment of this section, from a grant awarded under
 17 such provision of law.

18 “(b) GRANT PROGRAM AUTHORIZED.—

19 “(1) IN GENERAL.—The Secretary may award
 20 grants to eligible health centers to pay for the costs
 21 described in paragraph (2).

22 “(2) USE OF FUNDS.—An eligible health center
 23 that receives a grant under paragraph (1) may use
 24 the grant funds to—

25 “(A) modernize, expand, and replace exist-
 26 ing facilities at such center; and

1 “(B) construct new facilities at such cen-
2 ter.

3 “(3) LIMITATION.—

4 “(A) IN GENERAL.—Subject to subpara-
5 graph (B), the Federal share of a grant award-
6 ed under paragraph (1) to expand an existing,
7 or construct a new, facility shall not exceed 90
8 percent of the total cost of the project (includ-
9 ing interest payments) proposed by the eligible
10 health center.

11 “(B) EXCEPTION.—The Federal share
12 maximum under subparagraph (A) shall not
13 apply if—

14 “(i) the total cost of the project pro-
15 posed by the eligible health center is less
16 than \$750,000; or

17 “(ii) the Secretary waives such max-
18 imum upon a showing of good cause.

19 “(c) FACILITY LOAN GUARANTEES.—

20 “(1) IN GENERAL.—

21 “(A) IN GENERAL.—The Secretary shall
22 establish a program under which the Secretary
23 may guarantee not less than 90 percent of the
24 principal and interest on the total amount of
25 loans made to an eligible health center by non-

1 Federal lenders in order to pay for the costs as-
 2 sociated with a capital needs project described
 3 in subparagraph (B).

4 “(B) PROJECTS.—Capital needs projects
 5 under this subsection include—

6 “(i)(I) acquiring, leasing, modern-
 7 izing, expanding, or replacing existing fa-
 8 cilities;

9 “(II) constructing new facilities; or

10 “(III) purchasing or leasing equip-
 11 ment; or

12 “(ii) the costs of refinancing loans
 13 made for any of the projects described in
 14 clause (i).

15 “(C) NOT A FEDERAL SUBSIDY.—Any loan
 16 guarantee issued pursuant to this subsection
 17 shall not be deemed a Federal subsidy for any
 18 other purpose.

19 “(2) AUTHORITY FOR LOAN GUARANTEE PRO-
 20 GRAM.—With respect to the program established
 21 under paragraph (1), the Secretary shall assume
 22 such authority—

23 “(A) as the Secretary has under para-
 24 graphs (2) and (4) of section 330; and

1 “(B) under section 1620 as the Secretary
2 determines is necessary and appropriate.

3 “(3) HEALTH CENTER PROJECT APPLICA-
4 TIONS.—The Secretary shall require that all appli-
5 cants for grants and loans under this section—

6 “(A) comply with the conditions set forth
7 in section 1621, as in effect on the date of en-
8 actment of this section, with respect to activi-
9 ties authorized for assistance under subsections
10 (b)(2) and (c)(1)(B) in the same manner that
11 applicants for loans, loan guarantees, or grants
12 for medical facilities projects under such section
13 are required to comply with such conditions,
14 unless such conditions are, by their terms, oth-
15 erwise inapplicable; and

16 “(B)(i) give priority to contractors that
17 employ substantial numbers of workers who re-
18 side in the area to be served by the health cen-
19 ter; and

20 “(ii) include in the construction contract
21 involved a requirement that the contractor will
22 give priority in hiring new employees to resi-
23 dents of such area.

24 “(4) DEFINITIONS.—In this subsection:

1 “(A) FACILITIES.—The term ‘facilities’
2 means a building or buildings used by a health
3 center, in whole or in part, to provide services
4 permitted under section 330 and for such other
5 purposes as are not specifically prohibited
6 under such section as long as such use furthers
7 the objectives of the health center.

8 “(B) NON-FEDERAL LENDER.—The term
9 ‘non-Federal lender’ means any entity other
10 than an agency or instrumentality of the Fed-
11 eral Government authorized by law to make
12 loans, including a federally-insured bank, a
13 lending institution authorized or licensed to
14 make loans by the State in which it is located,
15 a community development finance institution or
16 community development entity (as designated
17 by the Secretary of the Treasury), any such
18 lender as the Secretary may designate, and a
19 State or municipal bonding authority or such
20 authority’s designee.

21 “(d) EVALUATION.—Not later than 3 years after the
22 date of enactment of this section, the Secretary shall pre-
23 pare a report containing an evaluation of the programs
24 authorized under this section. Such report shall include
25 recommendations on how this section can be improved to

1 better help health centers meet such centers' capital needs
2 in order to expand access to health care in the United
3 States.

4 “(e) AUTHORIZATION.—For the purpose of carrying
5 out this section, the Secretary shall use not more than
6 5 percent of any funds appropriated pursuant to section
7 330(s) (relating to authorization of appropriations). In ad-
8 dition, funds appropriated for fiscal years 1997 and 1998
9 under the Departments of Labor, Health and Human
10 Services, and Education, and Related Agencies Appropria-
11 tions Acts of 1997 and 1998, which were made available
12 for loan guarantees for loans made by non-Federal lenders
13 for construction, renovation, and modernization of medical
14 facilities that are owned and operated by health centers
15 and which have not been expended, shall be made available
16 for loan guarantees under this section.”.

17 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
18 330(r)(1) of the Public Health Service Act (42 U.S.C.
19 254b(r)(1)) (relating to authorization of appropriations)
20 is amended by striking “this section” and inserting “this
21 section and section 330R”.

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